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(iii) If a facility's direct or indirect cost per day is determined, pursuant to subparagraph (i) or (ii) of this paragraph, by utilizing the Regional input price adjustment factor, such factor shall be utilized in all subsequent rate years.

(iv) If a facility's direct or indirect cost per day is determined, pursuant to subparagraph (i) or (ii) of this paragraph, by utilizing the individual facility specific input price adjustment factor, the following shall apply to subsequent rate years:

(a) For 1987 rates, a facility's direct or indirect cost per day shall be determined by using a composite of 50% of the Regional and 50% of the facility specific input price adjustment factor.

(b) For 1988 rates, a facility's direct or indirect costs per day shall be determined by using a composite of 75% of the Regional and 25% of the facility specific input price adjustment factor.

(c) For 1989 and subsequent rate years, a facility's direct costs per day shall be determined by using the Regional input price adjustment factors.

.(5) The limitations of this subdivision shall not be applicable to specialty facilities as defined in subdivision (i) of this section.

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(f) Non-Comparable Component of the Rate:

(1) The non-comparable component of the rate shall consist of costs which represent allowable costs reported by a facility which because of their nature are not subject to peer group comparisons.

(2) Allowable costs for the non-comparable component of the rate shall include the costs associated with supervision of facility volunteers and costs reported in the following functional cost centers as reported on the facility's annual cost report (RHCF-4) or extracted from a hospital based facility's annual cost report (RHCF-2) and the institutional cost report of its related hospital, after first deducting capital cost and allowable items not subject to trending:

- i. Laboratory Services
- ii. ECG
- iii. EEG
- iv. Radiology
- v. Inhalation Therapy
- vi. Podiatry
- vii. Dental
- viii. Psychiatric
- ix. Speech and Hearing Therapy - (Hearing Therapy  
Only)
- x. Medical Director Office
- xi. Medical Staff Services

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xii. Utilization Review

xiii. Other Ancillary

xiv. Plant Operations and maintenance - (cost for  
facilities and real estate and occupancy taxes  
only).

(3) The allowable facility specific non-comparable component of the  
rate shall be reimbursed at a payment rate equal to adjusted reported  
non-comparable costs, after first deducting capital costs and allowable  
items not subject to trending, divided by the facility's total 1983  
patient days.

(g) Capital Component of the Rate. The allowable facility specific  
capital component of the rate shall include allowable capital costs determined  
in accordance with section 86-2.19, 86-2.20, 86-2.21 and 86-2.22 of this  
Subpart and costs of other allowable items determined by the department to be  
non-trendable divided by the facility's patient days in the base year  
determined applicable by the department.

(h) A facility's payment rate for 1986 and subsequent rate years shall be  
equal to the sum of the operating portion of the rate as defined in paragraph  
(2) of subdivision (b) of this section and the capital component as defined in  
subdivision (g) of this section.

(i) Specialty Facilities. Facilities which provide extensive nursing,  
medical, psychological and counseling support services to children with  
diverse and complex medical, emotional and social problems shall be considered

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specialty facilities and shall not be subject to the provisions of paragraphs (c)(3), (c)(4), (d)(4), (d)(5), and (d)(6) of this section. The direct component of such facilities' rates shall be calculated based on allowable 1983 direct costs as defined in paragraph (c)(1) of this section, divided by the facilities' total 1983 patient days. The indirect component of such facilities' rates shall be calculated based on allowable 1983 indirect costs as defined in paragraph (d)(1) of this section, divided by the facilities' total 1983 patient days.

(k) Receiverships and new operators. (1) The appointment of a receiver or the establishment of a new operator to an ongoing facility shall require such receiver or operator to file a cost report for the first [six-month] twelve-month period of operation in accordance with section 86-2.2(e) of this Subpart. This report shall be filed and properly certified within 60 days following the end of the [six-month] twelve-month period covered by the report. Failure to comply with this subdivision shall result in [a reduction of the current rate in accordance with] application of the provisions of section 86-2.2(c) of this Subpart.

(2) The initial rate for facilities covered under this subdivision shall be the higher of (i) the rate in effect on the date of the appointment of a receiver or the date of transfer of ownership as applicable[,] or (ii) the rate in effect on the date of appointment of a receiver or the date of transfer of ownership as applicable with the direct and indirect component of such rate calculated as follows:

(a) The direct component of the rate shall be equivalent to the facility-specific mean direct price per day after application of the RDIPAF as determined in section 86-2.10(c) of this Subpart. The PRIs used in the computation of the facility-specific mean direct price per day shall be the PRIs used to calculate the rate in effect on the date of appointment of a receiver or the date of transfer of ownership.

(b) The indirect component of the rate shall be equivalent to the mean indirect price per day, determined using the PRIs used to calculate the rate in effect on the date of appointment of a receiver or date of transfer of ownership, and adjusted by the RIIPAF as determined in section 86-2.10(d) of this Subpart.

(3) The facility shall perform an assessment of all patients, pursuant to Section 86-2.30 of this subpart, at the beginning of the fourth month of operation. The direct component of the rate shall be adjusted pursuant to this subpart effective the first day of the assessment period based on the facility's case mix.

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(4) The [six-month] twelve-month cost report referred to in paragraph (1) of this subdivision shall be used to adjust the direct, indirect, noncomparable and capital components of the rate effective on the first day of the [six-month] twelve-month period of the report.

(5) (i) For purposes of this subdivision, the term "new operator" and "receiver" shall not include any operator or receiver approved to operate a facility when:

(a) a stockholder, officer, director, sole proprietor or partner of such operator or receiver was also a stockholder, officer, director, sole proprietor or partner of the prior operator or receiver of such facility;

(b) the approved operator was the prior receiver of the facility;

(c) any prior corporate operator or receiver is a corporate member of the approved operator or receiver, is otherwise affiliated with the approved operator or receiver through direct or indirect sponsorship or control or when the approved operator or receiver and prior operator or receiver are subsidiaries of a common corporate parent; or

(d) a principal stockholder (owning 10 percent or more of the stock), officer, director, sole proprietor or partner of an approved proprietary operator or receiver is the spouse or child of a principal stockholder, officer, director, sole proprietor or partner of the prior operator or receiver of such facility regardless of whether such relationship arises by reason of birth, marriage or adoption.

(ii) Rates of reimbursement for operators which are not considered new operators under this subdivision shall not be subject to adjustment under this subdivision.

(6) Notwithstanding the provisions of this subdivision, a receiver or new operator of a facility which has had an overall average utilization of at least 90 percent of bed capacity for a six-month period which began prior to April 1, 1993 but after the date on which the receiver was appointed or new operator became the operator shall submit a six-month cost report for that period. Such six-month cost report shall be utilized for the purposes of this subdivision in lieu of the twelve-month cost report identified in paragraph (1) of this subdivision.

(i) Adjustments to the operating component of the rate.

(1) Notwithstanding any other provision of this section, the department shall make available the sum of \$10 million for rate year 1986 and \$5 million for rate year 1987, based on total system costs and total patient days, herein referred to as the transfer amount, to facilities in those rate years, whose

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reimbursement for the indirect component of their rates is less than their 1983 allowable costs for the indirect component of the rate, herein referred to as indirect losses.

(2) To determine eligibility for such adjustments, facilities shall also have suffered an aggregate loss.

For purposes of this subdivision, an aggregate loss shall exist when a facility's composite reimbursement for the direct and indirect component of the rate is less than such a facility's composite 1983 allowable costs for the direct and indirect components.

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(1) Adjustments to the operating component of the rate.

(1) Notwithstanding any other provision of this section, the department shall make available the sum of \$10 million for rate year 1986 and \$5 million for rate year 1987, based on total system costs and total patient days, herein referred to as the transfer amount, to facilities in those rate years, whose reimbursement for the indirect component of their rates is less than their 1983 allowable costs for the indirect component of the rate, herein referred to as indirect losses.

(2) To determine eligibility for such adjustments, facilities shall also have

ferred an aggregate loss. For purposes of this subdivision, an ~~aggregate~~ loss shall exist when a facility's composite reimbursement for the direct and indirect components of the rate is less than such a facility's composite 1983 allowable costs for the direct and indirect components.

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(3) The transfer amount referred to in paragraph (1) of this subdivision shall be made available by reductions in the operating components of facilities rates whose composite reimbursement for the Direct and Indirect Components of their rates is more than their composite 1983 allowable costs for the Direct and Indirect Components, herein referred to as aggregate gains.

(4) The transfer amounts referred to in paragraph (1) of this subdivision shall be distributed, for the applicable rate years, to eligible facilities by a per diem adjustment in the operating component of their rates in accordance with the following procedure:

(i) The indirect losses of all eligible facilities shall be summed to arrive at total indirect losses.

(ii) The proportion of a facility's indirect loss to total indirect losses shall be expressed as a percentage, herein referred to as a sharing percentage.

(iii) The sharing percentage for an eligible facility shall be multiplied by the transfer amount to arrive at a facility's share of the transfer amount.

(iv) A facility's share of the transfer amount shall be divided by 1983 patient days to arrive at a per diem adjustment to the operating component of a facility's rate.

(5) The transfer amounts referred to in paragraph (1) of this subdivision shall be accumulated from facilities referred to in paragraph (3) of this subdivision by a per diem adjustment to the operating component of their rates in accordance with the following procedure:

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(i) The aggregate gains of a facility shall be expressed as a percentage of their composite 1983 allowable costs for the Direct and Indirect Components. Such percentage shall be herein referred to as percentage gain.

(ii) The percentage gain for all facilities shall be ranked from highest to lowest.

(iii) A methodology shall be employed where, beginning with a set percentage, percentage gains in excess of such set percentage shall be noted, arrayed by facility and herein referred to as excess percentage gain.

(iv) The excess percentage gain shall be multiplied by each facility's allowable composite 1983 costs for the Direct and Indirect Components and such total for all facilities accumulated as a funded amount. The excess percentage gain shall also then be subtracted from a facility's percentage gain and the net percentage gain utilized as a facility's percentage gain for subsequent calculations.

(v) Such process shall continue, decreasing the set percentage used as a standard against which percentage gains of facilities is compared and the funded amounts accumulated until the transfer amounts referred to in paragraph (1) of this subdivision are realized.

(vi) If in this process, moving to the next set percentage used as a standard against which percentage gains of facilities is compared shall result in a total transfer amount in excess of the

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transfer amounts referred to in paragraph (1) of this subdivision, the following procedure shall be utilized to determine the amounts necessary to be funded by each facility in the final step of this process to attain the transfer amounts referred to in paragraph (1) of this subdivision:

(a) A facility's percentage gain shall be compared to the next lower set percentage that would be utilized as a standard and an excess percentage gain determined.

(b) The excess percentage gain for a facility, at that time, shall be multiplied by the facility's allowable composite 1983 costs for the direct and indirect components and the result herein referred to as an interim funded amount.

(c) The interim funded amount for each facility, expressed as a percentage of the aggregate of the interim funded amount for all facilities shall be multiplied by the remaining amount to be funded for a given rate year to arrive at a facility's portion of the final amount to be funded.

(vii) The funded amounts for a facility arrived at as a result of this paragraph shall be summed, divided by total 1983 patient days and deducted as a per diem adjustment from a facility's operating per diem in the appropriate rate year.

(m) Computation of regional input price adjustment factors applied for purposes other than determining, pursuant to this section, the statewide direct and peer group indirect prices.

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